

**ASSEMBLY BILL**

**No. 2552**

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**Introduced by Assembly Member Nestande**

February 19, 2010

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An act to add Section 15265 to the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2552, as introduced, Nestande. Education finance: cash out refinancing.

Existing law establishes the system of public elementary and secondary schools and public institutions of higher education in this state. Under existing law, part of the funding for the public institutions of elementary, secondary, and postsecondary institutions in this state is derived from the sale of bonds whose issuance is approved by voters either statewide or within the jurisdiction of a local educational agency.

This bill would prohibit the proceeds of bonds issued by a local educational agency pursuant to a measure approved by the voters on or after January 1, 2011, from being used for cash out refinancing unless authority for that procedure has been explicitly included in that bond measure. The bill would define “cash out refinancing” to mean the issuance of refunding general obligation bonds to generate proceeds beyond the amount that would be needed to retire the bonds outstanding prior to the refinancing.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 15265 is added to the Education Code,  
2     to read:  
3     15265. (a) This section applies to any bonds issued by a local  
4     educational agency pursuant to a measure approved by the voters  
5     on or after January 1, 2011.  
6     (b) The proceeds of bonds issued by a local educational agency  
7     shall not be used for cash out refinancing unless authority for that  
8     procedure has been explicitly included in the bond measure  
9     approved by the voters.  
10    (c) As used in this section, “cash out refinancing” means the  
11    issuance of refunding general obligation bonds to generate proceeds  
12    beyond the amount that would be needed to retire the bonds  
13    outstanding prior to the refinancing.